

FINANCE

NEWSLETTER



JULY - AUGUST 2014

KENTUCKY DEPARTMENT OF EDUCATION

FY 2014 Financial Audit Contract

On June 19, 2014, the State Committee for School District Audits approved the majority of the FY 2013-2014 audit contracts. The remaining audit contracts will be approved when all components of the contracts have been received. The approved and signed audit contracts will be posted to the following webpage during the first week of July 2014 <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>. Please continue

to check the website for additional approved audit contracts.

Please remember the following deadlines and district/auditor responsibilities:

The unaudited AFRs are due to KDE by July 25, 2014 and audited AFRs are due when the audit report is submitted but no later than November 15, 2014.

The auditor is responsible for submitting the bound and electronic Audit Report, including the management

letter along with response(s).

The district is responsible for submitting a Statement of Certification along with the audited AFR.

The district is responsible for withholding 10 percent of the audit fee if the audit report is not completed and submitted in accordance with the audit contract deadline and requirements.

Please forward contract questions to Melissa Sullivan at melissa.sullivan@education.ky.gov or (502) 564-3846, ext. 4415.

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Job class codes for Family Resource Center personnel needed

It has come to KDE's attention that some school districts are not using the MUNIS job class codes specified for FRYSC personnel. ALL Family Resource Center personnel must be placed in the correct job class codes in MUNIS. If the codes in MUNIS are incorrect, this creates an issue with state and federal reporting. Please correct your job class codes prior to submission of the PSD and CSD reports in September 2014.

7493 - FYRSC Director/Coordinator I
7492 - FYRSC Director/Coordinator II
7491 - FYRSC Director/Coordinator III
7490 - FYRSC Director/Coordinator IV
7489 - FYRSC Director/Coordinator V

Materials from Financial Reporting and Auditing Workshops posted on KDE website

Nearly 400 district finance staff and auditors attended the Financial Reporting and Auditing Workshops held at various locations across the state during the first half of June. KDE thanks all those who attended and thanks the presenters who volunteered their time to share their expertise during the workshops.

All the materials presented at the workshops are now available on the

KDE website on the District Financial Audits page at <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>.

If you have suggestions for future training events, please forward your comments to Susan Barkley at Susan.Barkley@education.ky.gov, LaTonya Bell at Latonya.Bell@education.ky.gov, or Chay Ritter at Chay.Ritter@education.ky.gov.

Transferring Flexible Focus Fund Guidelines

Per HB235, districts may utilize Flex Focus funds for general operating expenses. The Kentucky Department of Education (KDE) has established project 15FX in MUNIS into which districts can move the funds.

Districts exercising this flexibility shall report to the KDE and the Interim Joint Committee on Education (IJCE) on an annual basis the amount of funds transferred as follows:

1. Once the need to transfer funds has been established at the district level (no prior KDE approval is necessary), the transaction will be entered into MUNIS as follows:
 - a. EXAMPLE: District has \$10,000 in FY15 Safe Schools 168A and wishes to transfer \$5,000 to use for general operating. A budget amendment and journal entry would be made in MUNIS as:
INCREASE 15FA by \$5,000 using 220-5210-15FA (fund transfers in)
DECREASE 168A by \$5,000 using 0002113-0910-168A (fund transfers out)
2. Districts must budget these general operating funds into the appropriate object series/codes it will be expended from.
 - a. EXAMPLE: \$5,000 transferred into 15FA will be spent on supplies. District would use MUNIS 0600 series.
3. Districts would submit this project (15FA) in their quarterly

CDIP submission. This will allow KDE to create a summary report to submit to the IJCE annually.

FAQ's

Which programs may I transfer funds from?

Extended School Services – 120A
Professional Development – 140A
Instructional Resources – 160A
Safe Schools – 168A

When may I transfer funds and how many transfers may I make?

There are no statutory limitations on the number of times a district may transfer funds into, or from, an individual program during a fiscal year. However, KDE requests that transfers are made after thorough planning and prior to December 31 of the grant year.

Will there be a funding matrix for project 15FX?

Yes, a funding matrix will be available, however, since the district may use the funds for general operating expenses, all org/object combinations will be allowable.

Will I need to submit a report to the Legislative Research Commission ICJE as well?

No, KDE will provide a summary report to the IJCE.

Any questions should be sent to Karen Wirth at karen.wirth@education.ky.gov.

On-Behalf includes KISTA energy savings capital leases

The School Facilities Construction Commission makes payments for KISTA energy savings capital leases directly to the bank financing the lease. This creates an on-behalf transaction for the school district and must be reflected as a revenue and expenditure in the district unaudited and audited AFRs.

See information about KISTA Energy at [On Behalf Payment Instructions FY2013-2014](#)

The link for the Chart of Accounts page is:

<http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx>

If you have any questions relating to on behalf payments, please send an e-mail to finance.reports@education.ky.gov. The subject line should state On Behalf Payments, and a KDE representative will ensure that you get a response within 24 hours.

District payment registers available soon

Districts' payment registers for fiscal year 2014 will be available to districts and auditors in late July or early August on KDE's webpage at <http://education.ky.gov/districts/FinRept/Pages/District-Payment-Registers.aspx>. As a reminder the payment registers will not be sent to individual districts and auditors. More information about the payment registers will be coming from KDE in July.

Please forward payment register questions to Jeffrey Coulter at jeffrey.coulter@education.ky.gov or (502) 564-3846 ext. 4459.

Parent Involvement ORG segment changes

The Kentucky Department of Education (KDE) has changed an ORG to correct and provide more transparent reporting for parent involvement activities. The directions supplied in the "Title I, Part A Handbook" to the districts reference an ORG #####150 (currently the ORG segments are function 3309 (Other Community Service Programs) and program 800 (Community Service Programs)). These ORG segments are changing to function 2191 Parent Involvement and program 851 Family Resource and Youth Programs (FRYSC). Districts will have to manually go in to the ORG, set up within MUNIS, and change the segments to make them match the KDE approved ORG list. This change will provide the FRYSC the ability to report the parent involvement activities with program 851.

Update new school district finance contacts

To ensure that districts' finance officers and additional finance contacts listed on the All State MUNIS Finance Contacts [global](#) e-mail distribution list receive timely financial and operational updates and information, please e-mail any changes to these individuals' contact information to Brenda Withrow at brenda.withrow@education.ky.gov.

Please include the following information in the e-mail:

1. district name
 2. new finance officer's name
 3. new finance officer's employment start date
 4. old finance officer's name to be deleted from district's finance contact information
 5. additional district finance contact names to be added to the district's finance contact information
 6. additional district finance contact names to be deleted from the district's finance contact information
- The All State MUNIS Finance Contacts e-mail distribution list includes the districts' finance officers and additional finance contact names. Changes submitted will be added to the All State MUNIS Finance Contacts [global email address list](#) within a week of receipt.

KDE is no longer responsible for updating the School and District Contact Information, Other Roles Information, and Director of Finance and Business.

Instead this information is now updated by each district.

Please forward school district finance contact changes to Withrow via e-mail or at (502) 564-3846 ext. 4439.

On-Behalf Payments

In FY2014, the Division of District Support will be providing a document entitled "On-Behalf Payments Summary Report FY2013-2014" that will be a summary of the districts' combined on-behalf payments paid by the Kentucky Department of Education (KDE), Kentucky Teachers' Retirement System (KTRS), and School Facilities Construction Commission (SFCC). The report will consist of payroll deductions related to on-behalf payment totals such as health benefits, federal reimbursement and KTRS; as well as technology, debt service, Kentucky Interlocal School Transportation Association (KISTA) [on-behalf payment totals](#). The on-behalf payment totals will be summarized in a single report as recommended by several districts. The report will be posted at <http://education.ky.gov/districts/FinRept/Pages/On-Behalf-Payments-Information.aspx> during the first week of July 2014 and it will be updated as information becomes available.

The [On-behalf Payments](#) webpage consists of information for the six different categories of on-behalf payments along with the On-Behalf Payments Summary Report, On-Behalf Payment Instructions, contact information for each category, and other helpful tools and information. Below is a breakdown of the different categories available on this webpage:

- **Debt Service On-behalf Payments** – consist of the debt service payments paid by the SFCC. These totals are posted annually in July

- **Federal Reimbursement of Health Benefits On-behalf Payments** – amounts for July 2013-May 2014 are available. June 2014 amounts will be available in mid-July 2014. These totals are posted monthly.
- **Health Benefits On-behalf Payments** – amounts for July 2013-June 2014 are available. These totals are posted monthly.
- **Kentucky Teachers' Retirement System On-behalf Payments** – formula to calculate an estimated amount has been provided by KTRS. The final KTRS amounts are projected to be available in October 2014.
- **KISTA Energy Savings Capital Leases On-behalf Payments** – consists of the KISTA energy savings capital leases payments paid by SFCC. These totals are posted annually in July.
- **Technology On-behalf Payments** – the July 2013-March 2014 technology payments are available. April 2014-June 2014 amounts will be available in mid-July 2014. These totals are posted quarterly.

Please forward questions about individual category on-behalf payment spreadsheets to the contact for that category listed on the On-Behalf Payments webpage.

Please forward questions about the On-Behalf Payment webpage to Gail Cox at gail.cox@education.ky.gov or (502) 564-3846, ext. 4462.

Capital Funds Request (CFR)

In July 2014, revised instructions and guidelines for completion and submission of FY2014-2015 Capital Funds Requests (CFR) will be posted at <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

FED will begin accepting for FY2014-2015 CFRs to KDE began July 1, 2014. All incoming CFRs and required supporting documents are to be e-mailed to Denise Hartsfield at denise.hartsfield@education.ky.gov. Please ensure that all required documents, such as the FY2015 Debt Service Schedule, SFCC Approval e-mail (if applicable) and associated BG-1, are submitted together with the CFR form.

Please forward CFR questions to Denise Hartsfield or LaTonya Bell at latonya.bell@education.ky.gov or (502) 564-3846, ext. 4418.

KTRS – FY2014 Employer’s Annual Report and On-Behalf Payments

The fiscal year 2013-2014 contributions and payroll summary files are due to the Kentucky Teacher’s Retirement System (KTRS) by **July 15, 2014**. Upon receipt, KTRS staff audits the reports to ensure the accuracy of member information.

It is essential that KTRS receives all contributions and payroll summary files in a timely manner, as doing so will result in a faster turnaround for on-behalf information and other district reports.

Once your June 2014 payroll summaries have been posted, Pathway will compile the fiscal year information and create an annual detail report. KTRS will ask you to help them review this report for accuracy. In late July or August 2014, KTRS anticipates that they will ask you about employees who have multiple contracts, dock days, late hires and early terminations, those who worked part-time and other types of employees who are not receiving a full year of service credit.

In April 2014, the Kentucky Department of Education

(KDE) posted the KTRS matching calculation on the [On-behalf Payments](#) webpage for districts to use in calculating the estimated KTRS on-behalf payments to be included in the districts’ unaudited AFRs. Once KDE receives the final KTRS on-behalf payments, then the amounts will be posted to KDE’s [On-behalf Payments](#) webpage. Districts may use the estimated KTRS on-behalf payments in their audited AFRs and Audit Report as long as the districts’ auditor does not deem there to be a material impact between the estimated and final calculated amounts for KTRS on-behalf payments.

In July 2014, KTRS anticipates that the On-Behalf Report will be available in the Pathway System. The report in Pathway will be based on the payroll summaries that have been posted so make sure all of your payroll summaries have been posted for the 2013-2014 fiscal year before you run this report.

Please forward KTRS Employer questions to Heidi Yates, at KTRS, Heidi.Yates@ky.gov or (502) 848-8500.

Changes to Professional (PSD) and Classified (CSD) Staff Data submissions coming in September 2014

There are several changes that were made to the PSD and CSD data submission for fiscal year 2014-15. The data submitted must be as of September 15 for all employees that were hired through that date.

Changes from prior year:

PSD/CSD edit check #11 is changing slightly to reflect has new ethnicity categories required by the federal government this year: Hispanic, American Indian or Alaskan National, Asian, Black or African American, Native Hawaiian or Other Pacific Islander or White not of Hispanic Origin.

If Hispanic is chosen then no other category is available. If the employee is not Hispanic, one or more categories can be selected.

PSD edit check #27 was “Calculated Base Salary does not match salary table” is changing to “Reference Salary does not match the salary table” to more accurately

compare salary information reported.

CSD edit check #32 was “Hours worked per year greater than 2080” is changing to “Hours worked per year greater than 2096” to reflect the actual number of hours in FY15.

CSD edit check #34 was “Contract days cannot exceed 260” is changing to “Contract days cannot exceed 262” to allow districts to report up to 262 days in a contract period.

CSD edit check #35 was “Reference salary does not match calculated salary” is changing to “Hours * contract days * pay rate minus Annual Salary outside KDE parameters” to more accurately compare salary information reported.

New edit checks for FY 2014-15:

PSD edit check #27.20 “Check reference salary by the FTE minus the Annual Salary” verifies that the Job Pay record contains the correct Reference Salary for 0110 based on

the district’s salary tables submitted to KDE. Then, verify that the Reference Salary amount listed on the PSD file agrees to the salary table.

PSD/CSD edit check #48 “Reported funds must be within 1, 2, 5X, and 6X and not general fund only.” KDE will check all records for PSD and CSD to make sure the funds used are not in general fund only.

In prior years, districts have bypassed answering the notes for PSD/CSD.

This year, if districts do not answer the notes for their submission they will not get a submission complete message until they are completed.

If there are any questions please email finance.reports@education.ky.gov. The link for the submission guide is located at: <http://education.ky.gov/districts/FinRept/Pages/School%20District%20Personnel%20Information.aspx>

Unaudited AFR and Balance Sheet submission changes for 2014

The Unaudited AFR and Balance Sheet Guide Submission Error/Note Guide for 2014 will be updated on the web by June 24, 2014 and posted to the following page:

[General Ledger and Statewide Report section Unaudited AFR and Balance Sheet Submission Error/Note Guide for 2014](#)

Checkboxes – Two additional checkboxes are available for FY 2014. The checkboxes indicate situations not applicable to the district which override error checks. The two relate to: on-behalf KISTA ENE edit check #17(f) and On-Behalf Federal payments #17(g)

Error enhancements - AFR –edit check #17(d) for 16MX technology will be checked to make sure that function 2585 is the only function used with project 16MX per the on-behalf instruction guide.

Errors - AFR – edit check #17(g) “Recording on-behalf Revenues and Expenditures” reviews federal on-behalf for projects starting with a Q and a B. This error checks a district’s entries for federal on-behalf in revenue object 4900 with those projects. If it is present then the expenditures are checked to make sure it is recorded properly with those same projects. If a district does not receive it then just check the box.

AFR Balance Sheet – edit check #13 “Unaudited AFR Balance Sheet Fund 360 and fund balance object codes”

will ensure Fund 360 fund balance is reported only in 8723, 8727, 873x.

Notes – AFR – edit check #17(f) “Recording on-behalf Revenues and Expenditures” will ensure on-behalf payments for KISTA energy savings bases are recorded.

AFR Balance Sheet – edit check #12 “Unaudited AFR Balance Sheet in funds 310/320” will be reviewing the object codes used in the even-year. This edit checks the balance sheet object codes used are those defined in our guidance in the Fiscal Year End Processing [BGL-2](#), page 31, for full details.

AFR Balance Sheet –edit check #14 is a note and will state, “This **NOTE** checks to ensure that balance sheet object codes 6192 and 6193 year to date actual equals zero at year end.. The **note** message will state that “The total balance in your AFR Balance Sheet accounts in object 6192 or 6193 is not equal to zero. In FY 2014 – 2015 these object codes will be deleted.” Districts using Balance Sheet object codes 6192 and 6193 will not be able to use these object codes when reporting their unaudited and audited AFR in 2014 -2015 because it is being deleted from the Chart of Accounts (COA). Questions and concerns regarding the unaudited AFR and balance sheet submission process can be directed to: Carol Buell, carol.buell@education.ky.gov or Karen Conway, karen.conway@education.ky.gov and both can be contacted at 502.564.3846.

Indirect Cost Rates approved at the June Kentucky Board of Education (KBE) meeting

The districts FY 15 indirect cost rates for all districts have now been approved. All rates have been posted to the KDE website: <http://education.ky.gov/districts/FinRept/Pages/Fund-Balances-and-Receipts-and-Expenditures%20and%20COA.aspx>

KDE thanks the districts for working diligently to complete the rate setting process by verifying the data through the new SEEK Web submission form. Please keep in mind that this will be an annual process occurring in March of each year, so read carefully OMB (circular A-87 to become familiar with the requirements.

Resources regarding indirect costs can be found at: [http://www.whitehouse.gov/omb/circulars_a087_2004/Indirect Cost Guidelines](http://www.whitehouse.gov/omb/circulars_a087_2004/Indirect%20Cost%20Guidelines)

Questions regarding indirect costs can be directed to Karen Conway karen.conway@education.ky.gov or (502) 564-3846 extension 4435.

SEEK Transportation Funding Adjusting Entry

SEEK considers for funding only the costs incurred in transporting students to and from school. In order to segregate the costs for to and from school, districts must ensure all other costs are recorded in function 2790.

KDE pulls the to and from school costs by totaling amounts in fund 1, functions 27XX except 279X all objects except 0280, 0831, 0832, excluding instructional level 11.

All student transportation costs should

be reported in function 27XX Student Transportation regardless of who uses the bus. Expenditures for student travel to field trips, after-school activities, etc. should be recorded in function 27XX.

Does your district have any preschool, head start, athletics, after school activities, field trips, extra-curricular or co-curricular costs that have not yet been moved to function 2790? If the answer is yes, below are some available ORGS to use to transfer those costs:

TYPE	FUND	UNIT	FUNC	PROG	IL	ORG	STANDARD 30 CHARACTER DESCRIPTION	10 CHAR	KEY
E	#	###	2790	470	00	#### 163	BUS DRIVING NON STUDENT TRANSP	BUS NS TRANS	163
E	#	###	2790	490	##	#### 019	REIMBURSED FIELD TRIPS	REIM TRIPS	019
E	#	901	2790	110	##	901#794	ESS BUS TRANSPORTATION	ESS BUS TRAN	794
E	#	901	2790	160	11	901#792	BUS DRIVING PRESCHOOL	PS BUS DRIVE	792
E	#	901	2790	200	11	901#793	BUS DRIVING PRESCHOOL SPECIAL ED	PS SP ED DRIVE	793
E	I	###	2790	409	##	#### 1919	OTHER BOARD PAID FIELD TRIPS	TRIPS BD PD	919
E	21	###	2790	409	##	#### 2819	TRANSP FIELD TRIPS DISTRICT ACTIVITY	TRFTDA	819
E	22	###	2790	409	##	#### 2827	TRANSP FIELD TRIPS DISTRICT ACTIVITY	TRFTDA	827
E	#	901	2790	161	11	901#095	BUS MONITORS PRESCHOOL	TRFTDA	827
E	#	###	2900	470	##	#### 230	OTHER SUPPORT SERVICES	OTHER SUP	230

Questions regarding adjusting entries can be directed to Karen Conway karen.conway@education.ky.gov or (502) 564-3846 extension 4435 or Chay Ritter chay.ritter@education.ky.gov or (502) 564-3846 extension 4453.

*KDE Office of Administration and Support
Associate Commissioner Hiren Desai
Division of District Support Services
Director Kay Kennedy, Assistant Director Susan Barkley
Facilities
Greg Dunbar
(502) 564-3846
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*District Funding and Reporting District Financial Management
Chay Ritter – Manager LaTonya Bell – Manager
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